

EXHIBIT J



FINAL AUDIT REPORT / REPORT OF FINDINGS ***ExxonMobil Pipeline Company Everett Terminal*** ***Everett, Massachusetts***

Shaw Project No. 145032

Audit Period: May 1, 2011 – March 16, 2012

Prepared For

United States Probation Office for the District of Massachusetts
United States Environmental Protection Agency
United States Coast Guard
Designated Signatory for Government– US Attorney General

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response to the ECP was determined by EMPCo to be a “best practice”, logic dictates that such a practice would then be applied to other programs and/or facilities. Examples of extrapolating beneficial tenets from the ECP implementation at the Everett Terminal include:

- **Inspection form format.** Terminal management has decided that the “yes/no” responses to concrete compliance inspection questions were an improvement over the previous subjective responses. This formatting was rolled out across other programs and reportedly recommended to other EMPCo terminal facilities.
- **IntelaTrac** – EMPCo has repeatedly stated that it is their intent to roll out IntelaTrac data collection for inspections to their other facilities. The Everett Terminal is still being used as a beta test for the process. EMPCo did borrow this technology adaptation from their refinery operations, but modifying it for compliance inspections was new.
- **EMS Extrapolated back into OIMS.** During the January, 2012 ECP Team Meeting, Mr. Jimmie James indicated that EMPCo will be incorporating tenets of the EMS back into EMPCo’s OIMS. Therefore, OIMS audits for the Everett Terminal and other EMPCo facilities will include an audit of EMS elements.

Over the course of the ECP schedule, the EAG has also kept apprised of some EMPCo practices outside the Everett Terminal. For the 1st Ongoing Annual Audit, the EAG visited the East Providence Terminal in Rhode Island and the Southwest Terminal in Long Beach, California. Through observations and interviews, the EAG determined that EMPCo strives to act in a uniform manner for their general compliance responsibilities. As such, it is expected that EMPCo will indeed roll out best practices identified at the Everett Terminal to their other facilities; likewise, should best practices be identified elsewhere, they will be considered for implementation in Everett.

In March of 2012, the EAG conducted an interview with Mr. Gary Hartmann, Director for EMPCo’s Safety, Health & Environmental (SHE) Department. Mr. Hartmann was interviewed vis a vis EMPCo’s approach to addressing the response to the EMPCo Silvertip Pipeline spill near Billings, Montana. Mr. Hartmann confirmed that the response to the pipeline spill has resulted in the incorporation of new information and interpretation into risk management. The Pipeline and Hazard Materials Safety Administration (PHMSA) has regulations and advisories for the safe operation of hazardous material pipelines. Prior to the spill, EMPCo believed that its pipeline installations, including the river crossings, were designed and installed in accordance with existing regulatory requirements and good engineering practices, including predictable river conditions due to extreme runoff events and resulting scour effects. Responses to PHMSA approximately 1 month prior to the spill event confirmed these assumptions. Regardless, a spill occurred at an EMPCo pipeline river crossing in the Yellowstone River following a severe precipitation event. Although the investigation into the root cause of the spill is still being conducted, Mr. Hartmann indicated that the probabilities for outlier river conditions were actually more likely than previously anticipated. In accordance with PHMSA advice, EMPCo is currently conducting a study of all of its pipeline river crossings to amass data concerning river conditions vs. the pipeline installation at each location. If it is determined that, based upon the lessons learned from the Silvertip release investigation, that river conditions could pose a similar hazard, corrective actions will be implemented. These corrective actions may include reinstalling the

pipeline, but could also involve engineering the river itself (bed protection, bank stabilization, etc.). PHMSA issued an advisory bulletin on July 27, 2011 (ADB-11-04) indicated that severe flooding is considered an “unusual operating condition” triggering requirements per current regulations. The advisory bulletin did lay out specific requirements, some of which echoed the requirements of the consent order imposed by PHMSA on EMPCo for the Silvertip Pipeline spill. Regardless, EMPCo has reevaluated their assumptions behind the design and maintenance of current river crossings, and will address any identified corrective actions accordingly. This process is reflective of a global EMPCo general policy to minimize risk, including the release of pollutants, when assessing its operations, equipment, and personnel training.

Although not explicitly stated, the EAG perceives that another key objective of the ECP was that of achieving ‘culture change’ at the Everett Terminal. As discussed at the January 31, 2012 ECP Team Meeting, there appeared to be consensus that culture change had indeed been achieved at the Everett Terminal. Mr. Jimmie James, the NOM, did point out that the entire upper management structure associated with the Everett Terminal had been replaced. He also indicated that it was his opinion that the operations at the Everett Terminal at the time of the Berth 1 spill and prior to the ECP were not indicative of the expectations of EMPCo’s policy and practice.

The EAG qualitatively and quantitatively confirms that culture change has occurred. The results from interviews of Terminal personnel on implementation and awareness of the EMS and CWA compliance programs indicate that Terminal operations are more attuned to the objectives and intent of those programs. The culture change was not predicated solely on the replacement of Terminal management (nor does the EAG believe that is what Mr. James was implying). During the EAG’s tenure under the ECP, the EAG observed an attention to pollution prevention compliance and a philosophy of continuous improvement. The root cause of why the previous management of the Everett Terminal acted inconsistent with the prevailing perspectives of EMPCo management and personnel observed by the EAG during the ECP has been speculated, but has not been specifically determined nor was it an objective of the EAG role. However, there did not appear to be any vestige remaining of recalcitrant attitudes toward shunning environmental responsibilities at the Everett Terminal. Each tenet of the ECP, either written into the ECP text or in the Implementation Schedule, could be executed and conducted solely on its base requirements. Determining whether or not the implementation of each of those tenets was effective in mitigating pollution risk was part of the task assigned to the EAG. Moreover, ensuring that the requirements of the ECP are sustainable after the probationary period was tasked to the EAG. The EAG found sufficient evidence that the Everett Terminal EMS and CWA compliance programs as well as other programs implemented per the ECP, were effective due in large part to a receptive and competent organization. Policies and management systems have been institutionalized so that these effective CWA compliance and EMS programs should be supported in subsequent years by EMPCo, regardless of any resource changes that may occur within the Everett Terminal organization.